

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (06/18):
BUTTER: Grade AA closed at \$1.5000. The weekly average for Grade AA is \$1.5000 (-.0017).

CHEESE: Barrels closed at \$1.3750 and blocks at \$1.4300. The weekly average for barrels is \$1.3430 (+.0495) and blocks, \$1.3970 (+.0675).

NONFAT DRY MILK: Extra Grade closed at \$1.0100 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0100 (N.C.) and Grade A is \$1.0500 (N.C.).

BUTTER: The market tone remains unsettled, although recent cash trading price stability at the CME has contributed to a more stable market undertone. Churning schedules across the country are lighter as cream demand is more competitive. Class II cream demand is absorbing available cream supplies. Some butter operations are finding that selling some cream is more financially advantageous than churning at this time. Butter stocks range from readily available to adequate. Fresh butter continues to readily clear the market place with additional volumes coming from inventories built earlier this spring. Food service and retail demand is seasonally active.

CHEESE: The cheese market is firm. The tilt between butter/powder compared to cheese/whey has disappeared, causing milk that had been shifted to return to cheese production. Interest in natural varieties is generally good as buyers try to beat the next potential price increase. Barrels are often more available, but with a spread larger than 3 - 4 cents between blocks and barrels, some plants are shifting production out of barrels. Cheese production remains seasonally heavy though levels are declining after the spring peak in much of the country.

FLUID MILK: The weather continues to be a major factor in milk production across the country. Production in the western U.S. is generally well above year ago levels. In California, temperatures have not been a major detriment to milk production, with most areas experiencing almost ideal milk producing conditions. Arizona and New Mexico are being impacted by more normal summer conditions and milk volumes are noticeably off from the seasonal peaks. In the Pacific Northwest, cooler and wetter conditions prevail. Milk output is at or near peak levels, stated as a few weeks earlier than expected. The Mountain states are having good weather for milk production growth. In Wisconsin and other upper Midwestern states, milk output has rebounded slightly this week, as weather conditions changed to cooler and less humid. Florida continues to ship milk out of state for processing. Total milk volumes in the East are decreasing, especially in the Middle Atlantic area where heat has been a problem.

DRY PRODUCTS: Dry product markets are generally following trends of

recent weeks. Nonfat dry milk markets remain weak in all regions with continued heavy offerings to the CCC being used to balance stocks. Buttermilk prices are steady to slightly higher. Production is seasonally lower and there is some expectation that this long, weak market may show short term firmness. Dry whey and lactose markets are seeing additional interest and being talked up. There is concern, both real and perceived, over the extent of market disruptions from the dioxin situation in Belgium and other EU countries. United States suppliers could benefit from concerned customers in parts of the world. WPC prices are steady at weak levels as demand is limited.

CCC: During the week of June 14 - 18, CCC net purchases of nonfortified NDM totaled 5,478,961 pounds.

MAY MILK PRODUCTION (NASS): Milk production in the 20 major States during May totaled 12.4 billion pounds, 3.5% above May 1998. April revised production, at 12.0 billion pounds was 3.5% above April 1998. Production per cow averaged 1,610 pounds for May, 54 pounds (3.5%) above May 1998. The number of cows on farms was 7.72 million head, up 3,000 head from May 1998 and up 8,000 from April 1999.

APRIL FLUID MILK SALES HIGHLIGHTS (AMS): During April, sales of fluid milk products in comparable Federal milk order marketing areas and California were 1.8% above the previous year and 0.7% above March 1999 on an adjusted daily average basis. Sales of whole milk items were 2.5% above the previous year; sales of fat-reduced milk items were 1.5% above the previous year. Total fluid milk sales were higher in the Southeastern, Midwest, Southwest and Far West regions, and lower in the Northeast region. It is likely that the timing of the Easter holiday this year has had a positive impact on the change in sales from April 1999 compared to April 1998.

MAILBOX MILK PRICES (AMS): In March 1999, mailbox milk prices reported for selected Federal milk orders averaged \$15.02 per cwt., \$.02 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.37, down \$.11; Southeast, \$17.85, down \$1.08; Midwest, \$14.50, up \$.28 and West, \$14.28 up \$.19. Compared to March 1998, mailbox milk prices increased \$.86 on the average. Regional changes from the previous year were: +\$1.31 in the Northeast, +\$2.42 in the Southeast, +\$.31 in the Midwest, and +\$.78 in the West.

MILK SUPPLY AND DEMAND ESTIMATES (WASDE): Strong dairy product prices and a fractionally slower forecast growth in milk production lead to an increase in milk price forecasts for 1998/99 and 1999/2000. CCC net removals are forecast higher than last month due to the recently announced rollover of the Dairy Export Incentive Program.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JUNE 14	TUESDAY JUNE 15	WEDNESDAY JUNE 16	THURSDAY JUNE 17	FRIDAY JUNE 18	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.3250 (+.0100)	\$1.3350 (+.0100)	\$1.3225 (-.0125)	\$1.3575 (+.0350)	\$1.3750 (+.0175)	+.0600	\$1.3430 (+.0495)
40# BLOCKS	\$1.3650 (+.0100)	\$1.3750 (+.0100)	\$1.4000 (+.0250)	\$1.4150 (+.0150)	\$1.4300 (+.0150)	+.0750	\$1.3970 (+.0675)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	N.C.	\$1.0100 (N.C.)
GRADE A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	N.C.	\$1.0500 (N.C.)
BUTTER							
GRADE AA	\$1.5000 (N.C.)	-----	\$1.5000 (N.C.)	-----	\$1.5000 (N.C.)	N.C.	\$1.5000 (-.0017)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - June 14 - 18, 1999

MONDAY, JUNE 14, 1999

CHEESE -- SALES: 5 CARS 40# BLOCKS: 4 @ \$1.3575, 1 @ \$1.3625; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.3250, 1 @ \$1.3150; 1 CAR 40# BLOCKS @ \$1.3650; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$1.4975, 1 @ \$1.4825, 1 @ \$1.4800, 1 @ \$1.4900, 1 @ \$1.5000; BIDS UNFILLED: 5 CARS GRADE AA: 1 @ \$1.4950, 1 @ \$1.4925, 1 @ \$1.4875, 1 @ \$1.4850, 1 @ \$1.4800; OFFERS UNCOVERED: 6 CARS GRADE AA: 1 @ \$1.5000, 1 @ \$1.5100, 1 @ \$1.5200, 1 @ \$1.5300, 1 @ \$1.5400, 1 @ \$1.5500

TUESDAY, JUNE 15, 1999

CHEESE -- SALES: 4 CARS BARRELS: 2 @ \$1.3300, 2 @ \$1.3275; BIDS UNFILLED: 4 CARS BARRELS: 2 @ \$1.3350, 2 @ \$1.3325; 5 CARS 40# BLOCKS: 1 @ \$1.3750, 1 @ \$1.3625, 1 @ \$1.3600, 1 @ \$1.3575, 1 @ \$1.3550; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 16, 1999

CHEESE -- SALES: 8 CARS BARRELS: 2 @ \$1.3350, 4 @ \$1.3275, 1 @ \$1.3250, 1 @ \$1.3225; 4 CARS 40# BLOCKS @ \$1.3800; BIDS UNFILLED: 10 CARS 40# BLOCKS: 1 @ \$1.4000, 1 @ \$1.3975, 1 @ \$1.3950, 1 @ \$1.3875, 1 @ \$1.3850, 2 @ \$1.3825, 1 @ \$1.3800, 2 @ \$1.3750; OFFERS UNCOVERED: 5 CARS BARRELS @ \$1.3350
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: 8 CARS GRADE AA: 1 @ \$1.4950, 1 @ \$1.4925, 1 @ \$1.4900, 1 @ \$1.4875, 1 @ \$1.4850, 1 @ \$1.4825, 1 @ \$1.4800, 1 @ \$1.4700; OFFERS UNCOVERED: 4 CARS GRADE AA: 1 @ \$1.5700, 1 @ \$1.5800, 1 @ \$1.5900, 1 @ \$1.6000

THURSDAY, JUNE 17, 1999

CHEESE -- SALES: 4 CARS BARRELS @ \$1.3575; 3 CARS 40# BLOCKS @ \$1.4150; BIDS UNFILLED: 2 CARS BARRELS @ \$1.3575; 3 CARS 40# BLOCKS @ \$1.3900; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 18, 1999

CHEESE -- SALES: 1 CAR BARRELS @ \$1.3750; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.3600, 1 @ \$1.3575; 5 CARS 40# BLOCKS: 1 @ \$1.4300, 1 @ \$1.4275, 3 @ \$1.4150; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3925
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 8 CARS GRADE AA: 2 @ \$1.4975, 3 @ \$1.5000, 2 @ \$1.5100, 1 @ \$1.5000; BIDS UNFILLED: 7 CARS GRADE AA: 1 @ \$1.4775, 2 @ \$1.4750, 1 @ \$1.4725, 1 @ \$1.4700, 2 @ \$1.4600; OFFERS UNCOVERED: 1 CAR GRADE AA @ \$1.5100

BUTTER MARKETS**NORTHEAST**

The market tone remains unsettled and mixed. The cash AA butter price at the CME over the past few weeks has decreased, increased, and decreased causing producers and handlers uncertainty as to market direction. Some producers that put butter away earlier this spring are now questioning if they should sell some of their inventories and realize a profit or hold onto it until later in the summer when butter supplies typically tighten. Churning schedules are lighter due to strong Class II demand for cream. Overall butter demand is fair at best. Some retail buyers are stating that firmer butter prices are negatively affecting retail sales, while other state that sales remain stable. Food service orders are somewhat improved, especially in resort and vacation areas now that the summer vacation season is at hand. Although bulk sales are slow, bulk continues to sell in the range of 3 - 5 1/2 cents over the CME weekly average.

CENTRAL

The butter market remains mixed, although a stable trading level at the CME has prevailed this week. Butter producers and handlers continue to report that butter stocks that were put away earlier this spring are now coming out of storage to fill current demand. For the most part, churning schedules are lighter as cream volumes available for butter production are limited. Overall demand is fair at best. Some retail stores are reporting promotional activity which is clearing good volumes of print butter, otherwise retail sales are somewhat slower. Food service order are fairly good as restaurants and away from home eating establishments are experiencing a strong start to the summer vacation period.

WEST

The butter market is unsettled, although recent CME cash trading price stability is giving some steadiness to current conditions. Churning activities are lighter as cream continues to clear to ice cream operations. Some butter producers are selling their cream to local and out of area Class II operations versus churning at this time. Fresh butter stocks are limited and butter that is being generated is readily clearing the market. Butter handlers and producers that put butter stocks away earlier this spring are now selling some of those inventories. Some scattered retail feature activity at \$.99 is being reported. Food service orders are good.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,
TRUCKLOAD QUANTITIES.

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

<u>WEEK ENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
JUNE 12	1.2562 4,371,200	1.2355 11,787,763	1.0080 18,106,384	1.4818 3,144,395	0.1710 6,247,774

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are higher on cheddar and process as closing cash cheese prices on blocks and barrels at the CME were higher. Current offerings remain fairly tight as buyers, remembering last year's record high prices, try to keep extra inventory in case of additional price increases. Overall cheese production levels remain seasonally heavy, but milk receipts are showing some post-peak declines. Some June Dairy Month promotional activity is aiding movement.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3650-1.8525
Cheddar Single Daisies	:	1.3375-1.8525
Cheddar 40# Block	:	1.5075-1.6525
Process 5# Loaf	:	1.5100-1.6600
Process 5# Sliced	:	1.5300-1.7800
Muenster	:	1.5450-1.8475
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is surprisingly firm. Many plants have had difficulty in filling orders as demand has been very good, particularly from buyers remembering last year and trying to beat any additional price increases. Spot offerings are limited though recent price advances provide the potential to sit on a spot load for a week or two and speculate on prices. Food service orders remain good, aided by the good summer travel season and the strong economy. Good interest in medium to aged cheddar is reported. Sparse, if any, volumes were put into aging programs last fall due to high prices. Process sales remain at good summer levels. Swiss movement is steady to improved. Milk intakes seem to have rebounded some from the heat stress reduced levels of last week, but most plant operators feel that the annual peak has already occurred. Cheese yields remain seasonally low.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4725-1.6600
Brick And/Or Muenster 5#	:	1.6600-1.7975
Cheddar 40# Block	:	1.5900-2.1150
Monterey Jack 10#	:	1.7800-2.1150
Blue 5#	:	1.9225-2.2400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6575-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.3400-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JUNE 14 - 18, 1999
BARRELS*	:	\$1.2825 - 1.3350 (NOMINAL)
	:	(\$.0050) (.0275)
40# BLOCKS	:	\$1.3300 - 1.3750 (NOMINAL)
	:	(\$.0425) (.0450)

() Change from previous week. * If steel, barrel returned.

WEST

Natural and process cheese prices continue to increase, following trading direction at the Chicago Mercantile Exchange. For the most part, cheese plants are operating with full schedules and adequate milk volumes, although some plants are looking for additional volumes to top off and maintain full production schedules. Milk production conditions are nearly ideal in the Pacific Northwest where milk volumes are reported to be at peak levels. In the Mountain states, milk output continues to increase, thus cheese plants anticipate additional milk volumes as the spring flush continues to build. Swiss prices are steady and orders continue to clear current offerings.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4450-1.7000
Cheddar 40# Block	:	1.4500-1.5900
Cheddar 10# Cuts	:	1.6400-1.8500
Monterey Jack 10#	:	1.6600-1.8125
Grade A Swiss Cuts 6 - 9#	:	2.2900-2.4200

FOREIGN

Prices are again higher on most domestic varieties and unchanged on imports. Current interest is generally slow to fair and mainly for replacement needs. Higher barrel prices at the CME make imported cheese solids used for processing appear more attractive.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7000-2.3100*
Gorgonzola	: 3.2400-5.9400	: 2.3550-2.4900*
Parmesan (Italy)	: TFEWR	: 3.1100-3.1400*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.7000-1.9850*
Romano (Cows Milk)	: -0-	: 2.8800-5.1050*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER		CHEESE	
	:		:
06/14/99	18,906	:	120,399
06/01/99	17,004	:	121,236
CHANGE	1,902	:	-837
% CHANGE	11	:	-1

FLUID MILK AND CREAM

E A S T

During May milk production in the 20 major states totaled 12.4 billion pounds, up 3.5% from May 1998. The following are May to May changes for selected states: Kentucky -5.1, Virginia -1.2, Texas -0.8, Pennsylvania +2.2, New York +1.9, Vermont +3.3, and Florida +3.7. Hot weather continues to play a role in a seasonal decline in milk production. Heat, particularly in the Middle Atlantic areas, is cause for concern for local farmers as crops begin to wither. Some farmers are anticipating less than half their average yields in hay. Plenty of milk is still available in the Northeast as shipments are diverted to regions less burdened with supplies. While total volumes of milk in the East are decreasing, one contact reported that milk intakes are 6½% above receipts last year at this time. Shipments out of Florida are at 72 loads for the week. This is up nearly 20 loads compared to last week due mostly to school closings. Tourist season has started in some areas improving demand. Overall interest however is mixed as school closings hamper regular trade routes. Class II demand remains fair to good, best into ice cream production. Wet solids are notably cheaper than NDM encouraging ice cream producers to purchase condensed product. The market tone on condensed skim is steady and prices are unchanged. Movement into Class III facilities is down compared to last week allowing some manufacturers to reduce drying schedules or divert volumes to end products that require extended drying times. Some producers have dropped production levels on powder to around 50% of capacity. Cheese production is steady with no changes in milk intakes. The cream market is steady to firm. The change in the weekly average AA butter price was marginally lower with multiples trading generally higher. Supplies are adequate to tight with some buyers seeking supplies from other regions of the country. Some contacts do not anticipate any major fluctuations in the cream market until Florida becomes an importer rather than an exporter of fluid milk and the milk price drops for Class I and II in July. Limited cream supplies are reducing churning activity at some butter plants. Ice cream production is seasonably strong.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.9522-2.1024
Delivered Equivalent Atlanta	-	1.9522-2.1024 M 1.9822-2.0423
F.O.B. Producing Plants: Upper Midwest	-	1.9522-2.0874

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.9000-1.1000
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JUNE 11 - 17, 1999	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1998	0

Class I demand is uneven, though overall at lower summer levels. Some retail feature activity for June Dairy Month was stimulating sales for a few operations. A total of 22 loads of Wisconsin milk are "direct shipped" to Missouri and pooled under a Southern federal order to supplement local needs. Manufacturing milk receipts are generally lower after the heat and humidity last week. Intakes have stabilized and occasionally partially rebounded, aided by the cooler, less humid weather. Manufacturing milk interest is improving as plants have less of their own supplies to compete for manufacturing space and lower humidity and heat improves plant efficiencies, particularly for the dryer. Reported surplus milk prices range from flat BFP fob, to \$1.00 over

class delivered. A short term plant breakdown freed up some extra milk which was quickly absorbed by other manufacturers. Asking prices on extra spot loads from other sources were also increasing. Cream interest remain seasonally good as ice cream and whipped cream production remains in full swing. Cream prices are slightly lower reflecting a slight decrease in the weekly average cash butter price at the Chicago Mercantile Exchange. The initial May estimated milk production in selected Midwestern states compared with 1998 is: Wisconsin 2.076 billion pounds, up 51 million pounds (2.5%); Minnesota 845 million pounds, an increase of 18 million pounds (2.2%); Michigan 469 million pounds, up 3 million pounds (0.6%), and Iowa 333 million pounds, down 6 million pounds (1.8%). Recent wet weather has stymied farmers trying to make hay/haylage, spray, or cultivate corn due to very waterlogged fields in many areas.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 41.00	\$ 33.00- 40.00
REPLACEMENT HEIFER CALVES	\$195.00-265.00	\$105.00-160.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 10 - 16	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.50- 46.50	\$ 33.00- 39.25

W E S T

U.S. milk production in the 20 states surveyed totaled 12.4 billion pounds in May, 3.5% higher than May 1998. Production levels were higher in 12 of the 20 states and in all of the western states. April 1999 production was revised slightly higher to 3.5% above 1998 levels. Cow numbers in May were 7.722 million head, up 3,000 head from a year ago. Milk per cow was 3.5% higher. May output in the five Western states surveyed compared to 1998 is: Arizona, +9.1%; California, +9.6%; Idaho, +9.8%; New Mexico, +6.7%; and Washington, +3.6%. Milk production remains relatively strong over most of the Southwest. California production continues to outpace year ago levels by close to double digit increases. Weather conditions remain ideal for cow comfort. Nighttime temperatures in the 50 to 60's are counteracting stress of daytime temperatures in the 80's and 90's. More cows are reported being dried up and fresh cows are slow to come on the milking stream. This is stated to be the result of heat-related breeding problems last year. Higher temperatures are affecting milk output in Arizona and New Mexico. Receipts are receding more from the seasonal high levels, but are generally well above year ago marks. Some areas of New Mexico are seeing problems with flies. Haying conditions are favorable and prices are holding generally steady. Areas in the south are completing second cuttings, while further north the first cutting is being harvested. Cream prices are steady to firmer. Demand is good from ice cream accounts both in the area and in other regions. Weather conditions in the Northwest are nearly ideal for good milk production patterns. In the Pacific Northwest, where weather conditions have been cooler and wetter, milk handlers are stating that production is at or very near peak levels. This is about 2 weeks earlier than past flush seasons. Milk production has been strong when compared to last year and continues so as the summer season approaches. Pastures and hay crops are developing slower this year due to the cooler/wetter conditions. In the Mountain States, temperatures are also quite favorable for steady production growth. Although temperatures have been cool, warmer days are starting to occur. Weather conditions in this part of the Northwest have also been less conducive to pasture, corn, and hay growth. Milk volumes have been sufficient to maintain active manufacturing schedules, although some milk handlers were looking for additional milk volumes to maximize plant capacity.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 06/17/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged on a weak market. Buyers not normally on the market during heavy milk supplies are beginning to appear. Some Midwest producers are finding it a challenge to compete with substantially lower priced NDM in the West. Movement into government programs is allowing prices to stabilize at current levels. High heat produced in the Midwest is traded at good premiums compared to Western and Eastern prices. Milk intakes have dropped slightly reducing necessary dryer time and production. Inventories remain adequate to fully adequate and building.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0000 - 1.0300 MOSTLY: 1.0100 - 1.0150

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a steady to weak market. Increased interest from ice cream producers and bakeries is being reported although no changes in prices are seen. Condensed product is tightening up in some areas which may be due to decreased churning activity. Offerings were less available this week compared to last. Less than trucklot movement continues to move at prices well above the range. Inventories are mostly adequate to instances tight for the light to moderate interest.

BUTTERMILK: .6800 - .7400

DRY WHEY - CENTRAL

Prices are unchanged to higher on a steady market that is showing signs of firming. Most trade continues to move at the average with less movement noted at the bottom of the range. Strong cheese production allows for ample condensed whey supplies that cannot always be readily dried. Export inquiries have increased due to the dioxin scare in the EU. Domestic and export demand remains fair to good. Some producers are beginning to prepare for cutbacks in cheese production. Traders are finding whey more difficult to procure than in weeks past. Most dryers continue to operate at capacity levels.

NONHYGROSCOPIC: .1600 - .1875 MOSTLY: .1675 - .1775

ANIMAL FEED WHEY - CENTRAL

Prices remain unchanged on all feed items on a weak market. Buyers are purchasing on an as need basis. Some inquiries have been noted on the export market. Demand is slow with one buyer stating that the volume of calves fed through his operation has dropped 20% in the last few weeks. Traders report marginal demand on the spot market. Movement is best on contracts. The market tone on veal is steady to weak. Hog prices are trending lower. Year to date calf slaughter in the U.S. is down 13.3% compared to the same period last year.

MILK REPLACER: .1400 - .1675
STANDARD: TFEWR
ROLLER GROUND: .1675 - .1825
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices remain unchanged to higher on a firm market. Export inquiries are increasing due to the dioxin scare in the EU. Supplies are adequate to tight allowing some producers to be selective on their sales. A few contracts are being negotiated through the fourth quarter. Demand continues strong into edible, feed, domestic, and export channels. Some producers are anticipating higher prices as they have over sold product. Lower mesh sizes from some producers are also pulling a premium this week. Off grade product is available with feed grade trading just below the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1600 - .2300 MOSTLY: .1700 - .1800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a weak market. Some buyers are running long on product and are uninterested in making any further purchases. Condensed product continues to move well into the feed industry with dry demand mostly light although somewhat improved over last week. High protein imports from the Oceania area are deterring interest in 34% WPC. Producers with contracts are in the best position. Producer stocks are adequate and building. Off grade product is readily available. Contacts do not expect any changes in the market until feed or export demand improves.

EXTRA GRADE 34% PROTEIN: .3800 - .4800 MOSTLY: .4500 - .4700

NONFAT DRY MILK - WEST

Prices are mixed for low/medium heat NDM. After narrowing last week, both higher and lower transactions were reported. Despite the prices moves, the market tone remains weak. Buying interest is fair at best and generally subdued. Sales to the government continue to be used to balance inventories. Some current production is also filling DEIP orders. Drying schedules are steady to lower, depending on milk production and product needs. Stock levels remain heavy. High heat prices are unchanged. Activity is light to fair with some seasonal interest noted. Drying is steady with recent trends. Stocks continue to be light. During the week of June 7 - 11, CCC net purchases totaled 8,346,476 pounds of NDM with an additional 118,457 pounds of fortified NDM offered.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9700 - 1.0350 MOSTLY: .9800 - 1.0100

HIGH HEAT: 1.0200 - 1.0400

DRY BUTTERMILK - WEST

Dry buttermilk prices are trending slightly higher off the bottom end of the range. Some in the trade are expecting supplies to further tighten and demand to be more aggressive. Buying interest is slowly redeveloping with some multi load transactions occurring. Pricing levels are mostly steady with recent weeks, but some increases are being noted. Drying schedules are limited as churning is light and buttermilk is being moved in condensed. Dry stocks remain long for current needs.

BUTTERMILK: .6400 - .7000 MOSTLY: .6400 - .6650

DRY WHEY - WEST

Whey powder markets are generally steady at unchanged prices. Stock levels are reported to be readily available as cheese production is seasonally active. Sales activity is fairly active with loads clearing to local and out of region buyers. Reports indicate that the dioxin situation in Europe continues to plague their whey powder markets. Some producers and handlers in the United States feel that continued unsettledness in Europe might encourage international buyers to look to the U.S. for possible supplies. The recent announcement of the Japanese tender has whey powder being sourced from Eastern Europe, Canada, South Africa, and the United States. The U.S. portion is about 20%.

NONHYGROSCOPIC: .1600 - .1800 MOSTLY: .1650 - .1700

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended June 11, on powder sales of 9,080,882 pounds f.o.b. California manufacturing plants was \$1.0073 per pound. This compares to 9,610,398 pounds at \$1.0061 for the previous week ending June 4, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged on a weak market. While some plants are running reduced schedules due to changes in the milk supply, overall inventories of NDM remain heavy. School closings keep production heavy in other areas of the region. Multiple loads are available below the average for the lackluster interest. Cheaper wet solid prices are often more attractive to ice cream and cheese producers which is easing some drying time while also diverting interest away from NDM. Inventories are adequate to ample on low heat. High heat product is moving well on a limited supply. With continued hot weather in the East, some contacts speculate that the market may improve.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0000 - 1.0400 MOSTLY: 1.0100 - 1.0300
HIGH HEAT: 1.0400 - 1.1100 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged on a steady to weak market. Some traders report that buttermilk is difficult to find as much of the product is moved as condensed and very little is available in the dry form. Churning activity on butter is down producing less buttermilk. Supplies have tightened with no impact on prices traded. Condensed product continues to clear well into ice cream production. Some movement has also been noted on dry buttermilk into ice cream. Demand in general remains seasonably slow.

F.O.B. NORTHEAST: .6800 - .7300

DELVD SOUTHEAST: .7100 - .7650

DRY WHOLE MILK - NATIONAL

Prices are unchanged on a steady market. Relatively unchanged butter prices have encouraged some stability in the whole milk market. Demand is fair to good and best into baked goods. Spot movement is minimal with most trade noted on contracts. Reduced milk supplies are allowing dryers to relax on NDM production and produce more whole milk. Supplies are adequate for current needs at steady production levels.

F.O.B. PRODUCING PLANT: 1.2000 - 1.4500

DEIPBID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH JUNE 11, 1999
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-- 126,133	MT# (278,072,812 LBS)
CHANGE	-- 915	MT (2,017,209 LBS)
WHOLE MILK POWDER	-- 5,324	MT* (11,737,290 LBS)
CHEESE	-- 3,119	MT (6,876,148 LBS)
CHANGE	-- 88	MT (194,005 LBS)
BUTTERFAT	-- 395	MT (870,817 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:

Nonfat dry milk - 84,212 MT*; Whole Milk Powder - 5,003 MT*; Cheese - 3,350 MT; Butterfat - 29,854 MT; Reallocated nonfat dry milk - 26,258 MT* and 20,000 MT; Reallocated whole milk powder - 7,500 MT; Reallocated cheese - 1,270 MT.

* Current program-year allocations and reallocations have been filled.

FAS has combined NDM current program and reallocated tons. The three nonfat dry milk components total 130,470 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged on a steady market. Supplies seem to be firming up on Extra Grade product. While still able to meet demand, some producer inventories are running low. Demand is slow to fair with some increased movement into export channels. Grade A product remains tight and in high demand. Traders searching for Grade A are often left empty handed. Most movement is based on regular commitments and traded generally at the average. Offerings of Grade A are available above the average. Cheese production is strong allowing a steady supply of whey. Plenty of condensed product is available to dryers already operating at capacity levels.

F.O.B. NORTHEAST: EXTRA GRADE .1675 - .1750

USPH GRADE A .1850 - .2050

DELVD SOUTHEAST: .1750 - .2100

ANIMAL FEED WHEY - NORTHEAST

Prices are too few to report on a steady to weak market. The current slow demand is not expected to improve as hot weather decreases animal consumption and interest from livestock and pet industries. Inventories are adequate to fully adequate with heavy cheese production providing a steady supply of whey. Movement is best on regular commitments.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

The market tone is steady and prices remain unchanged. Some producers are beginning to build inventories for the fall. Prices are anticipated to rise when milk settles after the annual flush. Demand is mostly fair at moderate to heavy production levels.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices are basically steady. The market tone for both rennet and acid remains weak. Stocks are reported to be readily available on a contracted and spot basis. Suppliers of casein continue to encourage buyers to book their needs for the balance of the calendar year, although many are hesitant to commit, especially at current prices.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.8600 - 1.9500
ACID:	1.8400 - 1.9500

ANNOUNCED COOPERATIVE AND MINIMUM FEDERAL ORDER CLASS I PRICES IN SELECTED CITIES 1/												
CITY	JUN 1997			JUN 1998			MAY 1999			JUN 1999		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	14.52	15.37	0.85	15.09	16.39	1.30	14.70	15.85	1.15	14.89	16.04	1.15
Baltimore, MD	14.47	15.52	1.05	15.04	16.09	1.05	14.65	15.40*	0.75*	14.84	15.59	0.75
Boston, MA **	14.68	15.81	1.13	15.25	15.73	0.48	14.86	15.34	0.48	15.05	15.53	0.48
Carbondale, IL	13.45	15.54	2.09	14.02	15.68	1.66	13.63	15.74	2.11	13.82	15.53	1.71
Charlotte, NC	14.52	15.37	0.85	15.09	16.39	1.30	14.70	15.85	1.15	14.89	16.04	1.15
Chicago, IL	12.84	15.04	2.20	13.41	15.00	1.59	13.02	14.95	1.93	13.21	15.10	1.89
Cincinnati, OH	13.55	15.10	1.55	14.12	15.87	1.75	13.73	15.43	1.70	13.92	15.62	1.70
Cleveland, OH	13.44	14.94	1.50	14.01	15.76	1.75	13.62	15.12	1.50	13.81	15.31	1.50
Dallas, TX	14.60	14.85	0.25	15.17	15.42	0.25	14.78	15.03	0.25	14.97	15.22	0.25
Denver, CO	14.17	14.32	0.15	14.74	14.99	0.25	14.35	16.10	1.75	14.54	16.29	1.75
Des Moines, IA	12.99	14.48	1.49	13.56	14.21	0.65	13.17	14.32	1.15	13.36	14.36	1.00
Detroit, MI	13.29	14.42	1.13	13.86	14.86	1.00	13.47	14.40	0.93	13.66	14.62	0.96
Hartford, CT **	14.58	15.71	1.13	15.15	15.63	0.48	14.76	15.24	0.48	14.95	15.43	0.48
Houston, TX	15.14	15.39	0.25	15.71	15.96	0.25	15.32	15.57	0.25	15.51	15.76	0.25
Indianapolis, IN	13.34	15.03	1.69	13.91	15.46	1.55	13.52	15.17	1.65	13.71	15.26	1.55
Kansas City, MO	13.36	14.80	1.44	13.93	14.53	0.60	13.54	14.59	1.05	13.73	14.73	1.00
Louisville, KY	14.21	14.46	0.25	14.78	15.43	0.65	13.73	14.73	1.00	13.92	14.92	1.00
Memphis, TN	13.55	14.80	1.25	14.12	15.22	1.10	14.39	15.19	0.80	14.58	15.38	0.80
Miami, FL	15.62	18.58	2.96	16.19	18.91	2.72	15.80	18.17	2.37	15.99	18.36	2.37
Milwaukee, WI	12.75	14.95	2.20	13.32	14.91	1.59	12.93	14.86	1.93	13.12	15.01	1.89
Minneapolis, MN	12.64	14.10	1.46	13.21	13.86	0.65	12.82	13.65	0.83	13.01	14.01	1.00
New Orleans, LA	15.09	15.34	0.25	15.66	16.31	0.65	15.27	15.72	0.45	15.46	15.91	0.45
Oklahoma City, OK	14.21	14.46	0.25	14.78	15.38	0.60	14.39	15.89	1.50	14.58	15.58	1.00
Omaha, NE	13.19	14.63	1.44	13.76	14.36	0.60	13.37	14.42	1.05	13.56	14.56	1.00
Philadelphia, PA	14.53	15.55	1.02	15.10	16.12	1.02	14.71	16.38	1.67	14.90	16.38	1.48
Phoenix, AZ	13.96	13.96	0.00	14.53	14.53	0.00	14.14	14.14	0.00	14.33	14.33	0.00
Pittsburgh, PA	13.44	14.24	0.80	14.01	14.81	0.80	13.62	14.12	0.50	13.81	15.07	1.26
St. Louis, MO	13.45	15.54	2.09	14.02	15.68	1.66	13.63	15.74	2.11	13.82	15.53	1.71
Salt Lake City, UT	13.34	13.49	0.15	13.91	14.06	0.15	13.52	13.77	0.25	13.71	13.96	0.25
Seattle, WA	13.34	13.64	0.30	13.91	15.38	1.47	13.52	15.38*	1.86*	13.71	15.38	1.67
Spokane, WA	13.34	13.64	0.30	13.91	15.38	1.47	13.52	15.38*	1.86*	13.71	15.38	1.67
Springfield, MO	13.63	14.28	0.65	14.20	14.75	0.55	13.81	15.31	1.50	14.00	15.00	1.00
Washington, DC	14.47	15.52	1.05	15.04	16.09	1.05	14.65	15.40*	0.75*	14.84	15.59	0.75
Simple Average	13.87	14.94	1.07	14.44	15.43	0.99	14.05	15.22*	1.17*	14.24	15.36	1.12

* Revised.

**NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference". When the Federal order Class I price shown for Boston is higher than the Compact Class I price, the Compact price is not effective.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

MILK SUPPLY AND DEMAND ESTIMATES*

Strong dairy product prices and a fractionally slower forecast growth in milk production lead to an increase in milk price forecasts for 1998/99 and 1999/2000. CCC net removals are forecast higher than last month due the recently announced rollover of the Dairy Export Incentive Program.

U.S. MILK SUPPLY, USE AND PRICES

Item	1997/98 <u>1/</u>	1998/99 Projection <u>1/</u>		1999/00 Projection <u>1/</u>	
		May	June	May	June
SUPPLY		BILLION POUNDS			
BEGINNING COMMERCIAL STOCKS <u>2/</u> <u>23/</u>	5.9	5.8	5.8	5.8	5.8
PRODUCTION	156.5	161.5	161.0	165.3	165.0
FARM USE	1.4	1.3	1.3	1.2	1.3
MARKETINGS	155.2	160.2	159.7	164.0	163.8
IMPORTS <u>2/</u>	4.0	3.7	4.0	3.4	3.5
TOTAL COMMERCIAL SUPPLY <u>2/</u>	165.1	169.6	169.5	173.2	173.1
USE					
COMMERCIAL USE <u>2/</u> <u>3/</u>	158.6	163.5	163.4	166.7	166.6
ENDING COMMERCIAL STOCKS <u>2/</u>	5.8	5.8	5.8	5.6	5.6
CCC NET REMOVALS:					
MILKFAT BASIS <u>4/</u>	0.7	0.3	0.3	0.9	0.9
SKIM SOLIDS BASIS <u>4/</u>	4.5	4.3	4.6	2.6	2.7
		DOLLARS PER CWT.			
PRICES RECEIVED BY FARMERS <u>5/</u>					
BASIC FORMULA (BFP)	13.28	12.85-13.05	13.05-13.25	11.05-12.05	11.15-12.15
ALL MILK <u>6/</u>	14.60	14.50-14.70	14.75-14.95	12.50-13.50	12.65-13.65
		MILLION POUNDS			
CCC PRODUCT NET REMOVALS <u>4/</u>					
BUTTER	21	5	5	35	35
CHEESE	8	7	7	6	6
NONFAT DRY MILK	368	360	385	215	225
	QUARTERLY <u>7/</u>			ANNUAL <u>7/</u>	
	1999 II	1999 III	1999 IV	1999	2000
	BILLION POUNDS				
MILK PRODUCTION	41.9	39.7	39.8	161.9	165.6
	DOLLARS PER CWT.				
ALL MILK PRICE <u>5/</u> <u>6/</u>	12.65-12.85	12.55-13.05	13.65-14.45	13.70-14.10	12.75-13.75
BASIC FORMULA PRICE <u>5/</u>	11.40-11.60	11.40-11.90	12.15-12.95	11.90-12.30	11.35-12.35

NOTE: Totals may not add due to rounding. 1/ Marketing year beginning October 1. 2/ Milk equivalent, milkfat basis. 3/ Includes commercial exports. 4/ Includes products exported under Dairy Export Incentive Program. 5/ Projections indicate a range of the average for the quarter or year. 6/ Milk of average fat test. Does not reflect any deductions from producers as authorized by legislation. 7/ Calendar year basis projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairman, WAOB; Arthur Coffing, FAS; and James Miller, ERS.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-351, World Agricultural Outlook Board, USDA, June 11, 1999.

**MAILBOX MILK PRICES FOR SELECTED FEDERAL MILK ORDERS,
MARCH 1999, WITH COMPARISONS**

In March 1999, mailbox milk prices reported for selected Federal milk orders averaged \$15.02 per cwt., \$.02 more than the figure for the previous month. On a regional basis, the average prices and changes from the previous month were: Northeast, \$15.37, down \$.11; Southeast, \$17.85, down \$1.08; Midwest, \$14.50, up \$.28 and West, \$14.28 up \$.19. Compared to March 1998, mailbox milk prices increased \$.86 per cwt. on the average. Regional changes from the previous year were: +\$1.31 in the Northeast, +\$2.42 in the Southeast, +\$.31 in the Midwest, and +\$.78 in the West.

Federal milk order <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	March 1998	February 1999	March 1999
	<u>Dollars per hundredweight</u>		
New England	14.02	15.50*	15.37
New York-New Jersey	14.04	15.30	15.38
Middle Atlantic	14.17	15.84	15.34
Northeast Average <u>3/</u>	14.06	15.48*	15.37
Carolina	15.63	19.18	18.06
Southeast	14.82	18.10	16.99
Florida <u>4/</u>	16.43	20.32	19.28
Southeast Average <u>3/</u>	15.43	18.93	17.85
Southern Michigan	14.28	16.44	16.07
Eastern Ohio-Western Pa.	14.49	16.23	16.16
Ohio Valley	14.41	16.90	16.63
Indiana	14.57	17.49	16.79
Chicago Regional <u>5/</u>	14.19	12.91	13.77
S. Illinois-E. Missouri	14.04	16.39	16.05
Louis.-Lex.-Evans.	14.66	18.14	17.56
Upper Midwest <u>5/</u>	13.99	13.24	13.38
Nebraska-Western Iowa	13.97	13.73	13.87
Iowa	14.03	13.36	13.92
Midwest Average <u>3/</u>	14.19	14.22	14.50
Texas	13.98	14.96	14.89
Southwest Plains	13.65	14.68	14.75
Eastern Colorado	13.82	15.26	15.34
S.W. Idaho-E. Oregon	12.96	11.70	12.28
Great Basin	12.88	13.33	13.60
New Mexico-West Texas	13.00	13.93	14.05
Pacific Northwest	13.36	14.42	14.37
West Average <u>3/</u>	13.50	14.09	14.28
All-Market Average <u>3/</u>	14.16	15.00*	15.02

*Revised.

1/ Federal milk orders for which information could be released. 2/ Net pay price received by dairy farmers marketing milk to handlers regulated under the Federal milk orders. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is reported at the market average butterfat test. 3/ Weighted average of the information for the orders listed in the region or for all selected orders combined. 4/ Weighted average of the information for the Upper Florida, Tampa Bay, and Southeastern Florida orders. 5/ May include payments for milk that, while normally associated with the market, was not pooled due to disadvantageous price relationships.

MAY MILK PRODUCTION

Milk production in the 20 major States during May totaled 12.4 billion pounds, 3.5 percent above production in these same States in May 1998. April revised production, at 12.0 billion pounds was 3.5 percent above April 1998.

Production per cow in the 20 major States averaged 1,610 pounds for May, 54 pounds above May 1998.

The number of cows on farms in the 20 major States was 7.72 million head, up 3,000 head from May 1998 and up 8,000 from April 1999.

MAY 1999 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1998	1999	1998	1999	1998	1999	% CHANGE FROM 1998
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	130	134	1,945	2,060	253	276	9.1
CA	1,414	1,460	1,720	1,825	2,432	2,665	9.6
FL	162	160	1,350	1,420	219	227	3.7
ID	293	314	1,680	1,720	492	540	9.8
IL	128	123	1,510	1,490	193	183	-5.2
IN	137	136	1,420	1,400	195	190	-2.6
IA	223	215	1,520	1,550	339	333	-1.8
KY	141	133	1,115	1,120	157	149	-5.1
MI	299	293	1,560	1,600	466	469	0.6
MN	555	545	1,490	1,550	827	845	2.2
MO	172	161	1,285	1,305	221	210	-5.0
NM	217	232	1,795	1,795	390	416	6.7
NY	701	700	1,490	1,520	1,044	1,064	1.9
OH	265	259	1,485	1,480	394	383	-2.8
PA	623	615	1,550	1,605	966	987	2.2
TX	356	345	1,480	1,515	527	523	-0.8
VT	162	162	1,480	1,530	240	248	3.3
VA	125	122	1,310	1,330	164	162	-1.2
WA	248	247	1,885	1,960	467	484	3.6
WI	1,368	1,366	1,480	1,520	2,025	2,076	2.5
20 STATE TOTAL	7,719	7,722	1,556	1,610	12,011	12,430	3.5

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (6-99), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

APRIL FLUID MILK SALES HIGHLIGHTS

During April, sales of fluid milk products in comparable Federal milk order marketing areas and California were 1.8 percent above the previous year and 0.7 percent above March 1999 on an adjusted daily average basis. Sales of whole milk items were 2.5 percent above the previous year; sales of fat-reduced milk items were 1.5 percent above the previous year. Total fluid milk sales were higher in the Southeastern, Midwest, Southwest and Far West regions, and lower in the Northeast region. It is likely that the timing of the Easter holiday this year has had a positive impact on the change in sales from April 1999 compared to April 1998.

SUMMARY OF PACKAGED SALES OF WHOLE MILK PRODUCTS, FAT-REDUCED MILK PRODUCTS, AND TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDER MARKETING AREAS AND CALIFORNIA, GROUPED BY REGION, APRIL 1999 WITH COMPARISONS 1/

Region 4/	Whole Milk Items 2/				Fat-reduced Milk Items 3/				Total Fluid Items			
	Sales		Change from:		Sales		Change from:		Sales		Change from:	
	Apr	Year to date	Prev. year 5/	Year to date 5/	Apr	Year to date	Prev. year 5/	Year to date 5/	Apr	Year to date	Prev. year 5/	Year to date 5/
	Mil. lbs.		Percent		Mil. lbs.		Percent		Mil. lbs.		Percent	
Northeast	334	1,349	-0.8	-0.6	448	1,819	0.1	0.2	782	3,168	-0.3	-0.1
Southeastern	341	1,356	4.6	3.1	447	1,802	1.4	0	788	3,158	2.7	1.3
Midwest	259	1,035	4.9	3.2	912	3,661	2.5	1.2	1,171	4,697	3.0	1.6
Southwest	171	677	3.4	2.1	213	843	1.3	1.0	383	1,520	2.2	1.5
Far West	334	1,317	1.4	0.3	680	2,710	1.3	-0.1	1,013	4,028	1.3	0
All Areas Combined	1,438	5,735	2.5	1.4	2,701	10,836	1.5	0.5	4,138	16,571	1.8	0.8

1/ These figures are representative of the consumption of fluid milk products in comparable Federal milk order marketing areas and California, and represents approximately 89 percent of total fluid milk sales in the U.S. 2/ Whole milk items include plain, flavored, and miscellaneous whole milk products. 3/ Fat-reduced milk items include plain, solids added, flavored, and miscellaneous reduced fat, low fat, and fat-free products, and buttermilk. 4/ For the marketing areas included in each region, see DMN Vol. 66, report #15. Midwest excludes Nebraska-Western Iowa. Far West includes California. 5/ Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

PACKAGED SALES OF INDIVIDUAL WHOLE MILK PRODUCTS AND FAT-REDUCED MILK PRODUCTS IN ALL MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS AND CALIFORNIA, MARCH 1999, WITH COMPARISONS 1/

Product Name	Sales	Change from:	
		Previous Year	Year to Date
	Mil.lbs	Percent	
Whole Milk 2/	1,505	0.9	1.1
Reduced Fat Milk (2%)	1,360	0.1	0.3
Low Fat Milk (1%) 3/	691	1.4	1.0
Fat-Free Milk (Skim)	721	-1.7	-1.0
Buttermilk	49	-2.4	-2.8
Total Fluid Milk Products 4/	4,340	0.1	0.5

1/ These sales volumes and percent changes include preliminary data for the New York-New Jersey milk order marketing area and the California State milk order. However, data for the Nebraska-Western Iowa market, which is a non-comparable market, are excluded. Monthly and year-to-date percent changes are based on sales figures adjusted for calendar composition.

2/ Includes flavored whole milk. 3/ Includes flavored fat-reduced milk.

4/ Includes miscellaneous products.

**TOTAL COW SLAUGHTER UNDER FEDERAL INSPECTION, UNITED STATES, JANUARY 1997 TO DATE
(THOUSAND HEAD)**

1997			1998			1999		
Week Ending	All Cows	Dairy Cows	Week Ending	All Cows	Dairy Cows	Week Ending	All Cows	Dairy Cows
Jan 4	125.1	55.7	Jan 3	105.0	50.4	Jan 2	90.6	40.9
11	161.9	72.7	10	143.8	68.0	9	119.0	54.5
18	135.2	61.1	17	127.0	60.2	16	128.8	56.1
25	150.9	67.4	24	127.6	62.5	23	122.4	56.6
Feb 1	133.3	62.4	31	126.0	61.5	30	112.6	54.3
8	133.4	62.7	Feb 7	120.2	58.3	Feb 6	109.4	54.7
15	126.2	62.1	14	112.0	54.7	13	111.5	54.0
22	122.0	59.1	21	108.5	56.6	20	105.1	52.5
Mar 1	122.3	60.9	28	112.4	56.1	27	104.8	50.4
8	118.9	58.3	Mar 7	108.5	54.9	Mar 6	107.4	51.2
15	129.6	61.8	14	95.0	50.0	13	102.9	49.1
22	122.1	58.1	21	104.6	52.3	20	103.5	49.3
29	122.2	55.8	28	109.4	54.4	27	113.5	52.3
Apr 5	118.2	54.3	Apr 4	110.0	54.0	Apr 3	102.3	47.7
12	116.5	54.8	11	105.1	50.3	10	99.1	47.6
19	120.1	55.9	18	106.5	49.6	17	104.3	48.2
26	123.9	54.5	25	111.2	51.5	24	105.2	47.2
May 3	114.2	51.1	May 2	106.7	47.9	May 1	103.1	47.2
10	117.4	52.4	9	107.4	47.3	8	103.2	44.3
17	111.4	50.0	16	108.3	46.9	15	108.7	46.2
24	112.9	50.7	23	110.6	47.4	22	112.5	47.3
31	98.6	44.4	30	101.1	43.0	29	111.8	45.1
Jun 7	111.3	50.5	Jun 6	113.7	47.6	Jun 5		
14	101.0	45.0	13	108.6	46.0	12		
21	101.7	45.1	20	105.3	45.0	19		
28	113.4	49.6	27	108.0	44.9	26		
Jul 5	90.4	40.8	Jul 4	98.4	40.5	Jul 3		
12	115.5	51.9	11	105.8	44.2	10		
19	114.6	50.1	18	108.5	44.6	17		
26	112.5	51.2	25	104.8	44.0	24		
Aug 2	120.0	52.9	Aug 1	110.5	46.6	31		
9	117.3	53.2	8	117.8	47.9	Aug 7		
16	120.1	55.0	15	111.2	48.2	14		
23	117.9	56.1	22	107.2	48.5	21		
30	116.0	54.3	29	113.3	48.4	28		
Sep 6	96.5	47.3	Sep 5	114.4	49.7	Sep 4		
13	124.1	56.9	12	99.0	43.3	11		
20	123.2	55.9	19	117.5	50.8	18		
27	121.3	57.8	26	114.8	49.2	25		
Oct 4	122.3	54.3	Oct 3	111.2	49.0	Oct 2		
11	122.4	55.0	10	105.7	47.3	9		
18	129.0	59.0	17	111.6	47.3	16		
25	146.2	62.9	24	118.7	50.2	23		
Nov 1	146.9	62.8	31	131.8	54.4	30		
8	149.2	62.9	Nov 7	122.6	52.3	Nov 6		
15	146.8	62.7	14	125.5	52.1	13		
22	147.5	64.2	21	132.7	54.4	20		
29	118.7	52.0	28	103.7	44.9	27		
Dec 6	149.2	67.6	Dec 5	131.8	54.6	Dec 4		
13	141.2	65.6	12	128.1	56.3	11		
20	135.7	60.9	19	122.0	51.6	18		
27	95.5	43.3	26	80.4	34.0	25		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service and the National Agricultural Statistics Service, all of USDA.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JUNE 14 - 18, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 06/11/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	7,167,221	1,688,260	5,478,961	128,264,594	99,928,030	-0-	-0-
Fortified		-0-		118,457	-0-	-0-	-0-
TOTAL	7,167,221	1,688,260	5,478,961	128,383,051	99,928,030	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 14 - 18, 1999 =	1.2	63.8	COMPARABLE WEEK IN 1998 =	0.3	16.3
CUMULATIVE SINCE OCTOBER 1, 1998 =	28.2	1,494.4	CUMULATIVE SAME PERIOD LAST YEAR =	22.0	1,163.2
CUMULATIVE JANUARY 1 - JUNE 18, 1999 =	28.2	1,493.2	COMPARABLE CALENDAR YEAR 1998 =	20.3	1,071.8

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 14 - 18, 1999 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	632,719***	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	4,846,242	118,457
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

***CORRECTION: LAST WEEK'S TOTAL SHOULD HAVE BEEN 553,354 INSTEAD OF AS PRINTED

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-	11,724,784	7,897,484	9.1	7.9
WEST	-0-	-0-	-0-	-0-	116,658,267	91,743,643	90.9	91.8
EAST	-0-	-0-	-0-	-0-	-0-	286,543	0.0	0.3
TOTAL	-0-	-0-	-0-	-0-	128,383,051	99,928,030	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 05/29/99 & Comparable Week 1998 1/ 2/

Regions*													U.S. TOTAL		% DAIRY OF ALL	
													WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
1999-Dairy cows	HD (000)	: 0.3	1.1	5.5	5.5	17.2	1.7	2.8	0.6	7.9	2.4	45.1	1,043.0	40.3	43.8	
1998-Dairy cows	HD (000)	: 0.1	1.2	4.8	4.2	16.5	2.0	2.2	0.7	8.4	2.9	43.0	1,177.8	42.5	47.7	
1999-All cows	HD (000)	: 0.3	1.1	7.5	17.7	24.9	15.7	20.8	3.8	12.4	7.7	111.8	2,381.7			
1998-All cows	HD (000)	: 0.3	1.2	6.4	13.5	23.4	17.3	16.1	5.3	11.2	6.4	101.1	2,466.9			

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26							